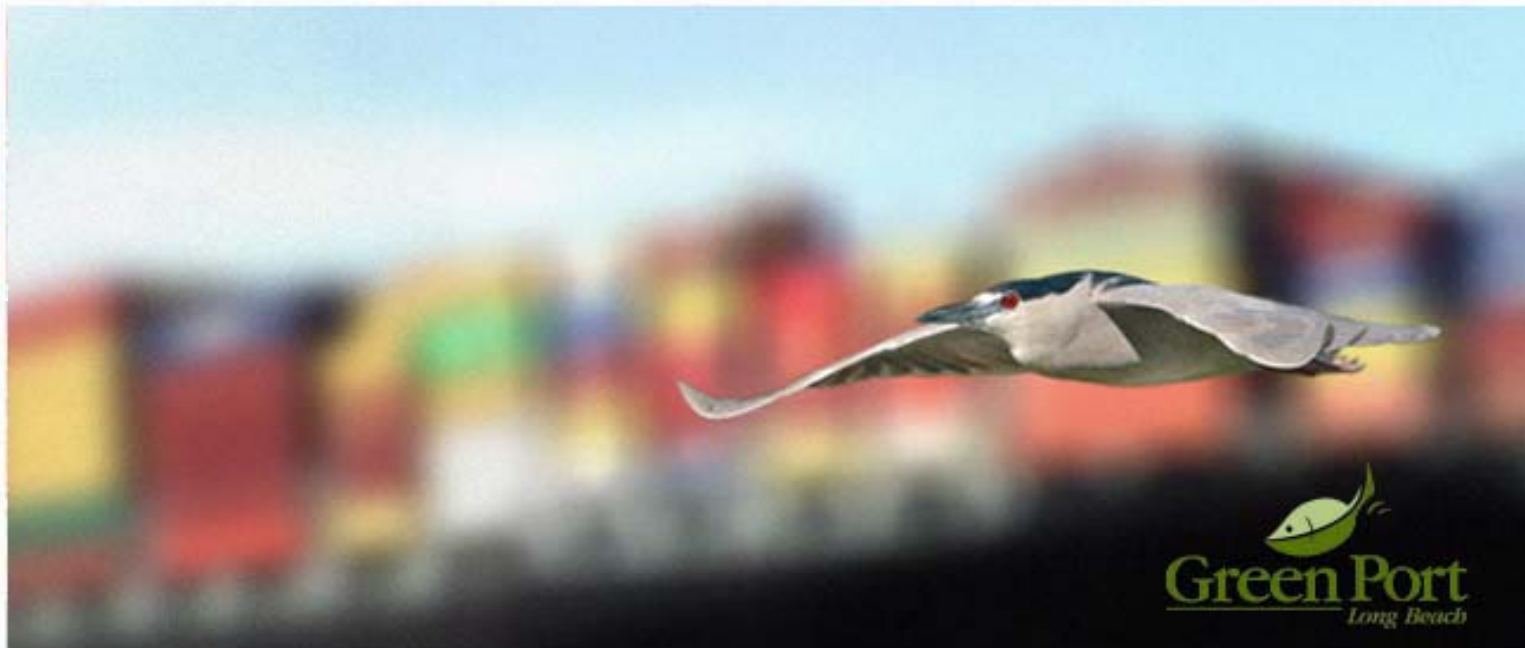




FY 2007 BUDGET

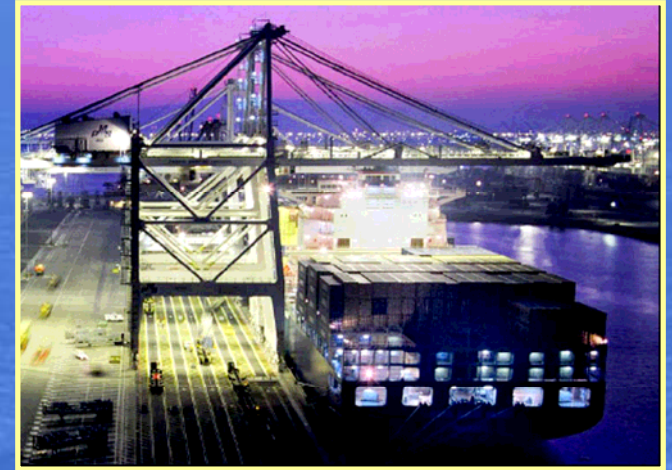
August 22, 2006



THE PORT OF LONG BEACH

Agenda

- **Budget Overview**
- **Strategic Alignment
of Goals & Resources**
- **Conclusion**



Budget Overview

Budget Overview

fiscal year 2007

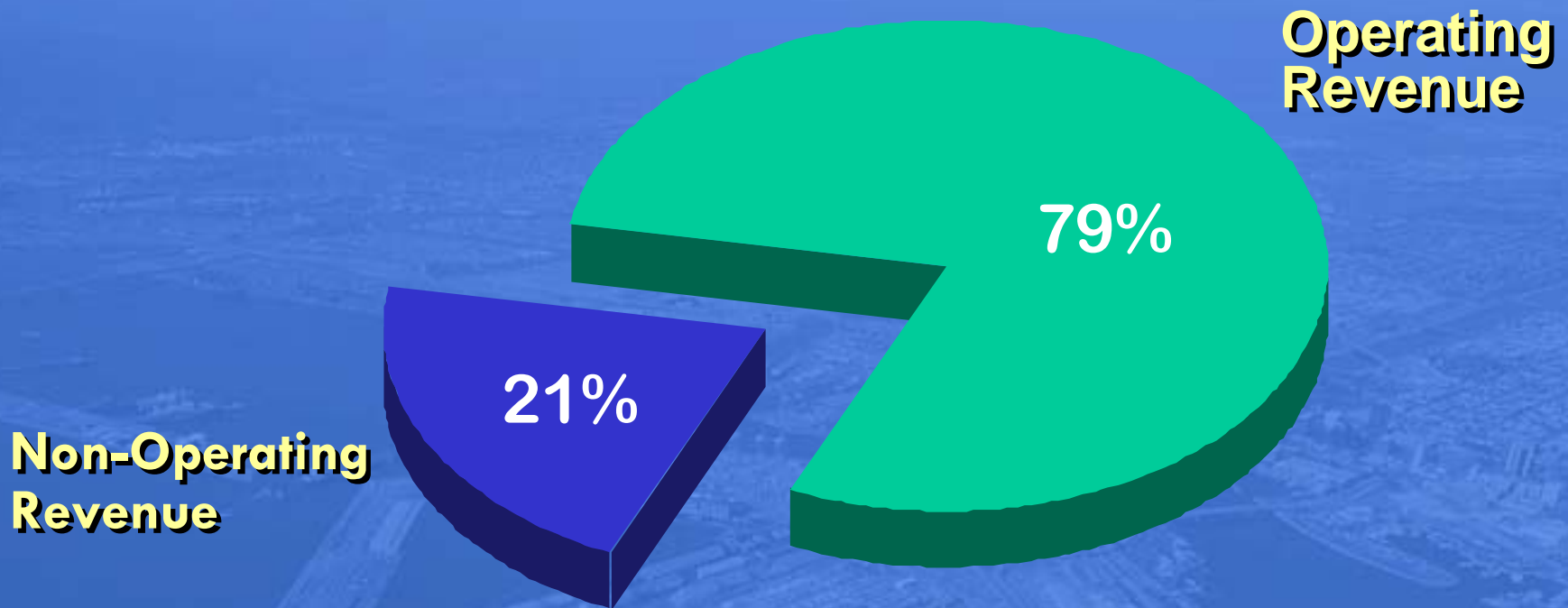
2006 Budget
\$411.1M

2006 Projected
\$364.9M

2007 Proposed
\$474.2M

Budget Overview

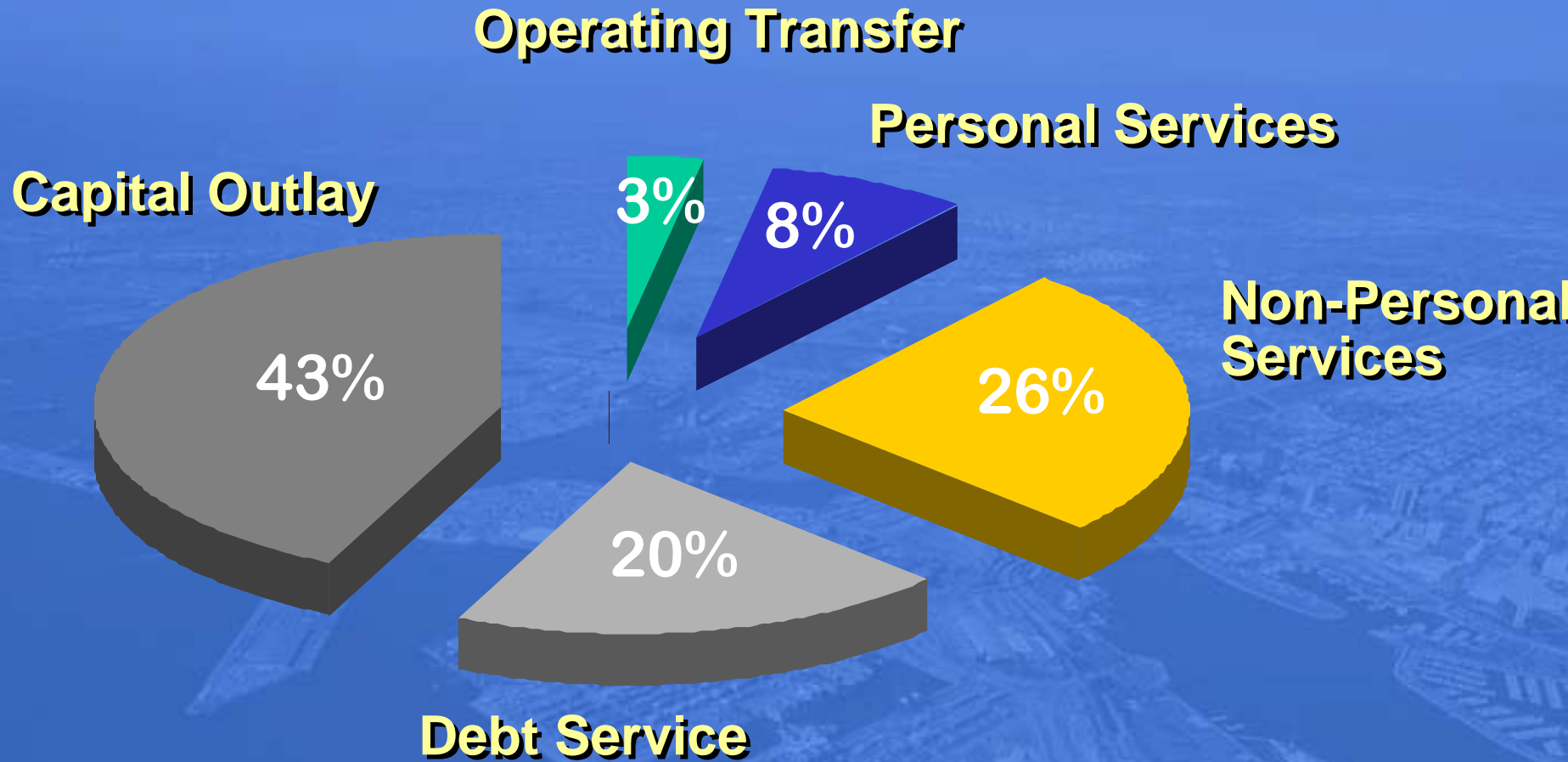
source of funds



\$ 474.2 million

Budget Overview

use of funds

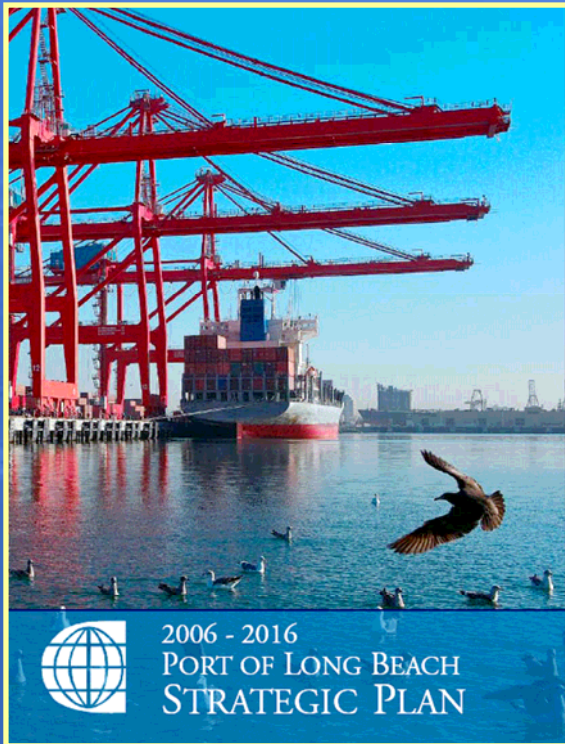


\$ 474.2 million

Strategic Alignment of Goals & Resources

Strategic Alignment of Goals & Resources

harbor department vision statement



The Port of Long Beach actively improves the quality of life in the region and the nation by being a world leader in regional and international goods movement, environmental stewardship and economic prosperity.

Strategic Alignment of Goals & Resources

strategic goal areas

- Environmental Stewardship
- Safety & Security
- Community, Industry & Government Relations
- Infrastructure & Transportation
- Trade & Commerce
- Financial Strength
- Organizational Effectiveness

Strategic Alignment of Goals & Resources

environmental stewardship

Goal: *Implement practices that minimize or eliminate the environmental impacts and health risks of Port operations and development*



- **Nearly \$90M budgeted in FY 2007**
- **Major initiatives:**
 - Cold ironing
 - San Pedro Bay Ports Clean Air Action Plan
 - Environmental remediation

Strategic Alignment of Goals & Resources

environmental stewardship

- **Major initiatives (continued):**
 - Green Flag vessel speed reduction program
 - Air monitoring stations
 - Storm water management
 - Locomotive replacement and retrofits
 - Sustainability programs



Strategic Alignment of Goals & Resources

safety & security

Goal: *Enhance safety and security within the Port and address impacts on the surrounding community in collaboration with outside agencies*

- **More than \$35M budgeted in FY 2007**
- **Major initiatives:**
 - Command & Control Center
 - Fire and Police support
 - Emergency Management Plan & Incident Management System
 - Enhanced camera system & fiber optic network
 - Underwater detection system
 - New Fire station



Strategic Alignment of Goals & Resources

community, industry & government relations

Goal: *Engage the community, international trade industry and elected officials to build positive relationships that foster mutual understanding*

- **Major initiatives:**

- Community & industry sponsorships (Sea Fest, Grand Prix, harbor cruises)
- Harbor Arbor Day – year 2
- Expansion of Small/Very Small Business Enterprise Program to entire Department
- 2nd annual Green Port Open House
- Education & scholarship programs



Strategic Alignment of Goals & Resources

community, industry & government relations

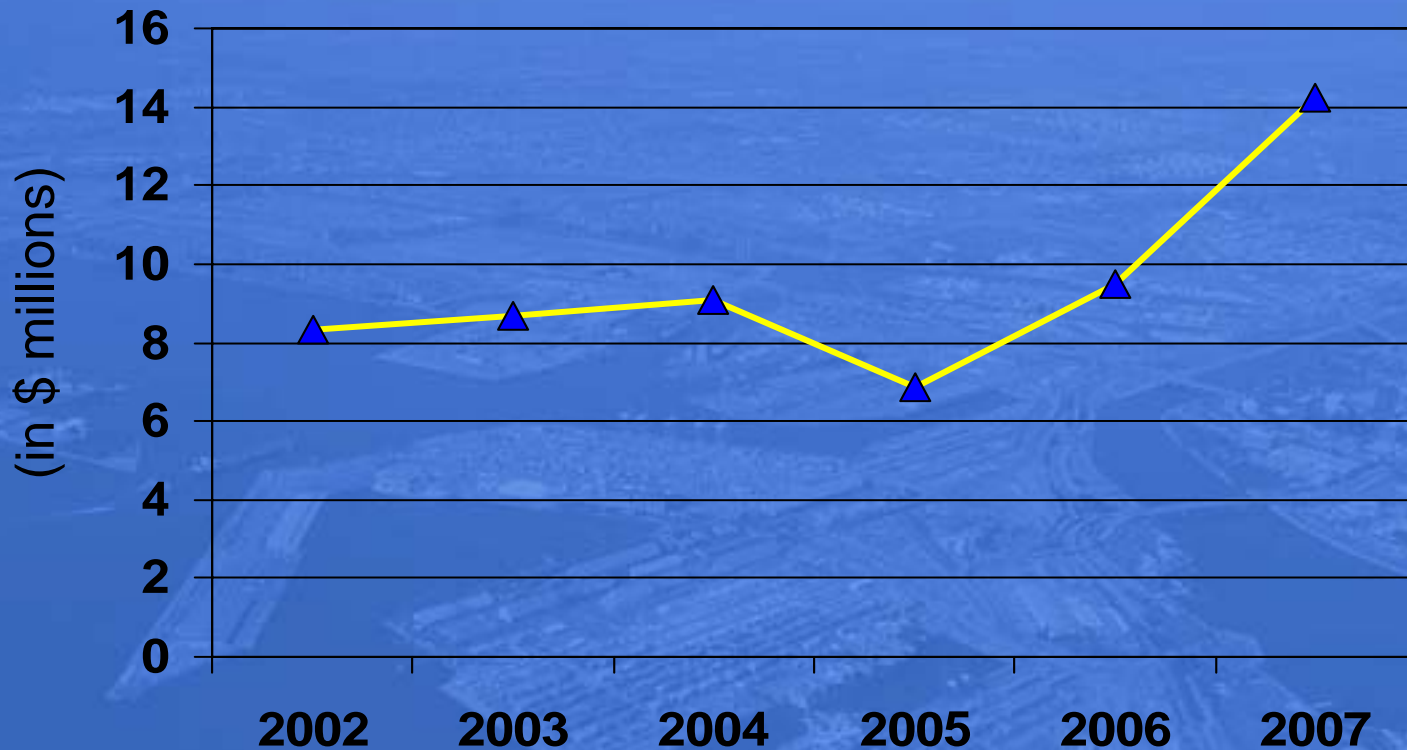
- **FY 2007 Tidelands Transfer of \$14.2M**
 - Largest ever; 50% increase from FY 2006
 - More than \$98M in transfers since FY 1995
 - Critical City services supported include:
 - Beach maintenance
 - Rainbow Harbor maintenance
 - Lifeguard services
 - Aquatic programs
 - Marine safety & other services



Strategic Alignment of Goals & Resources

community, industry & government relations

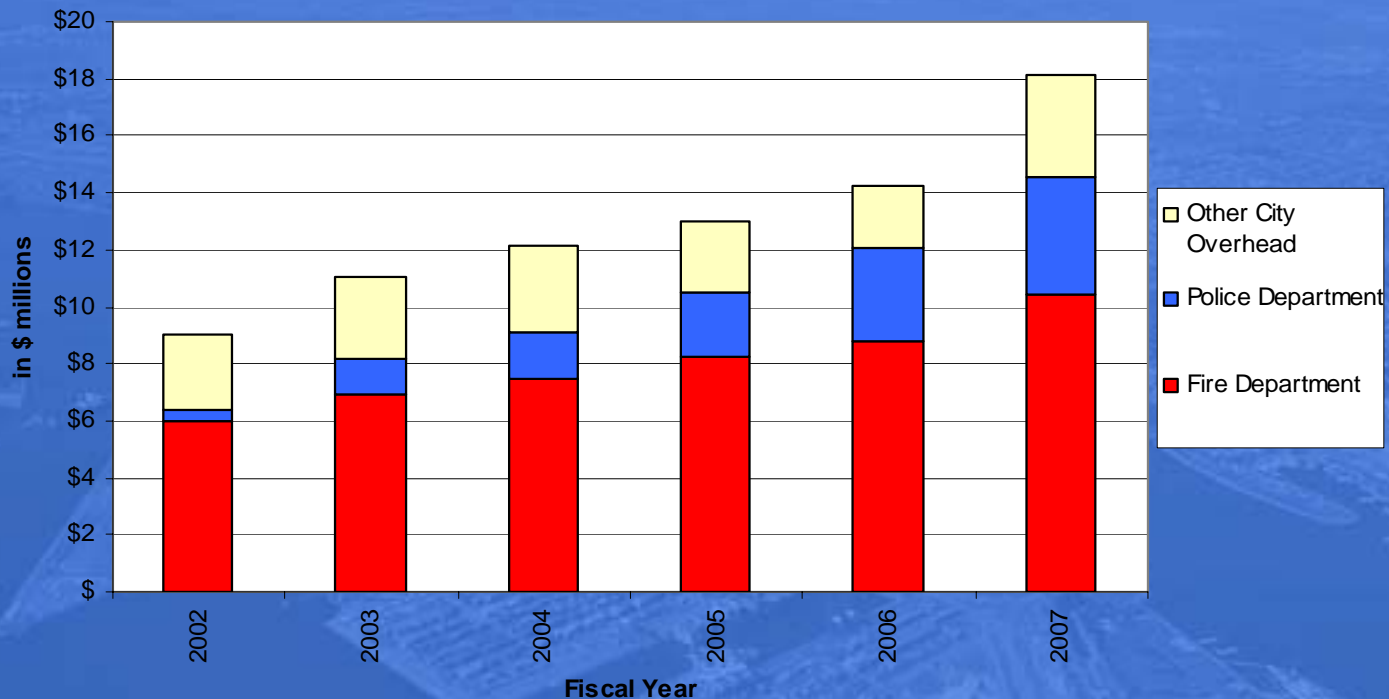
- Tidelands Transfers since 2002**



Strategic Alignment of Goals & Resources

community, industry & government relations

- **Additional \$18.2M in FY 2007 for police, fire and other services**



Strategic Alignment of Goals & Resources

community, industry & government relations

- **FY 2007 Budget continues legacy of partnership with the City of Long Beach to provide important community benefits**
- **Past projects supported by the Harbor Department include:**
 - **Long Beach Convention Center expansion**
 - **World Trade Center**

Strategic Alignment of Goals & Resources

infrastructure & transportation

Goal: *Provide an efficient and modern seaport complex and promote innovative solutions for the environment and infrastructure*

- **\$204M for capital projects, including:**
 - **Green leases (Pier G/J)**
 - **Ocean Boulevard/TI Freeway Interchange**
 - **Middle Harbor (Piers D/E/F)**
 - **Pier S**
 - **Pier T**



Strategic Alignment of Goals & Resources

infrastructure & transportation

- **Major transportation initiatives include:**
 - San Pedro Bay
Rail Action Plan
 - Virtual Container Yard
 - Truck Trip Reduction
Program
 - Gerald Desmond Bridge



Strategic Alignment of Goals & Resources

trade & commerce

Goal: *Facilitate trade and commerce by being a world leader in goods movement and customer service*

- **Major initiatives:**
 - Talking groups and annual conferences
 - Expansion of international trade offices
 - Long Beach International Trade Office support



Strategic Alignment of Goals & Resources

financial strength

Goal: *Ensure that the Port is financially self-sustaining and fiscally strong*

- **Financial Highlights**

- Port is 100% supported by its own revenues
- Healthy cash flow to fund major Green Port, security & infrastructure improvement projects
- Highly rated debt by all three credit rating agencies
 - Moody's (Aa2)
 - Standard and Poor's (AA)
 - Fitch (AA)

Strategic Alignment of Goals & Resources

financial strength

- **Financial challenges**
 - \$1.1 billion in outstanding debt
 - \$95M in annual debt service
 - FY 2007 budget includes no new debt: however, additional debt may be required as early as 2009
 - High cost of Green Port, security and infrastructure improvement projects combined with limited State/Federal funding will continue to drive up future costs

Strategic Alignment of Goals & Resources

organizational effectiveness

Goal: *Operate a safe, effective and efficient organization that fosters an inclusive, open and team oriented culture*

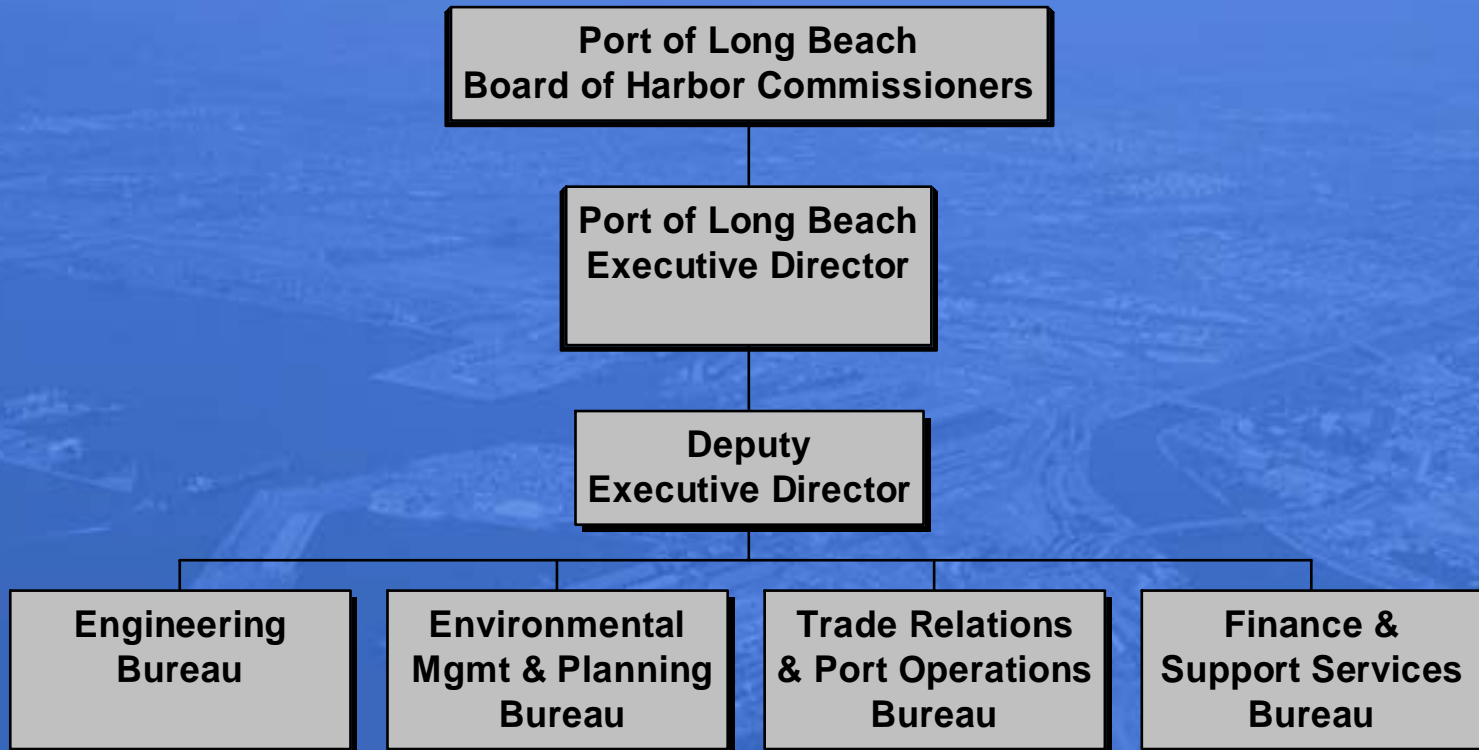
- **Major initiatives:**
 - **2006 – 2016 Strategic Plan**
 - **Departmental reorganization**
 - **Performance management system**



Strategic Alignment of Goals & Resources

organizational effectiveness

- New organizational structure**



Conclusion



“Implementation of the (Port of Long Beach) Green Port Policy has achieved significant, cost-effective environmental benefits...the transferability of this program to other ports is very high.”

- 2006 American Association of Port Authorities (AAPA) Environmental Improvement Award Winner